

AMENDED IN ASSEMBLY APRIL 16, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 206

Introduced by Assembly Member Wyland

February 9, 2001

An act to ~~amend Section 155.20 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.~~ *add Chapter 12 (commencing with Section 14501) to Division 6 of the Public Utilities Code, relating to municipal utilities.*

LEGISLATIVE COUNSEL'S DIGEST

AB 206, as amended, Wyland. ~~Property taxation: exemptions: low-valued properties—San Diego County: Municipal Utility District.~~

Existing law authorizes the formation of municipal utility districts with a governing board that is required to supervise and regulate every utility owned and operated by a district, including establishing the rates and making and enforcing of regulations, contracts, and practices for, or in connection with, any service or product owned or controlled by a district. Existing law establishes the procedures and requirements for the organization and reorganization of special districts, generally, in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

This bill would establish formation, governance, and power provisions for a municipal utility district established within the County of San Diego to engage in the provision of light, heat, and power. The bill would authorize the Board of Supervisors of the County of San Diego, to initiate proceedings for formation of a district by adopting and filing a resolution of necessity with the San Diego Local Agency

Formation Commission. The bill would authorize the conducting authority after obtaining the approval of the commission, to approve the formation of the district without an election at a hearing. The bill would require the municipal utility district to be governed by a 9-member board of directors.

~~Existing provisions of the California Constitution authorize the Legislature, with the approval of $\frac{2}{3}$ of the membership of each legislative house, to allow a county board of supervisors to exempt from property taxation those properties having a full value too low to justify the costs of assessment and collection.~~

~~Existing property tax law implementing this authority limits any exemption granted thereunder by a county board of supervisors to property with a base year value or full value of \$5,000 or less, and to \$50,000 in the case of a possessory interest, for a temporary and transitory use, in a publicly owned convention or cultural facility, as defined.~~

~~This bill would increase the \$5,000 limit to \$10,000, and would annually adjust that limit by an inflation factor based on the California Consumer Price Index.~~

~~Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.~~

~~This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.~~

~~This bill would take effect immediately as a tax levy.~~

~~Vote: $\frac{2}{3}$ majority. Appropriation: no. Fiscal committee: yes no. State-mandated local program: yes no.~~

The people of the State of California do enact as follows:

- 1 ~~SECTION 1. — Section 155.20 of the Revenue and Taxation~~
- 2 ~~SECTION 1. Chapter 12 (commencing with Section 14501) is~~
- 3 ~~added to Division 6 of the Public Utilities Code, to read:~~
- 4

CHAPTER 12. MUNICIPAL UTILITY DISTRICT WITHIN THE COUNTY
OF SAN DIEGO

14501. Notwithstanding any other provision of this division, this chapter applies to the formation, governance, and powers of a district within the County of San Diego.

14502. As used in this chapter, the following terms have the following meanings:

(a) "County" means the County of San Diego.

(b) "Board of supervisors" means the Board of Supervisors of the County of San Diego.

(c) "Commission" means the San Diego Local Agency Formation Commission.

(d) "City selection committee" means the city selection committee established within the county pursuant to the provisions of Article 11 (commencing with Section 50270) of Division 1 of Title 5 of the Government Code.

14503. The board of supervisors may initiate proceedings for formation of a district by adopting a resolution of application pursuant to Section 56654 of the Government Code and other provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5, of the Government Code). The resolution shall be filed together with any required application with the commission.

14504. If the resolution is approved by the commission, the conducting authority shall approve the formation of the district without an election at a hearing noticed pursuant to Section 6063 of the Government Code.

14505. The jurisdictional boundaries of the district shall be coterminous with those of the county; provided that any city, by resolution of its city council, may request that it be excluded from the jurisdictional boundaries of the district. The request to be excluded shall be filed with the commission prior to commission approval of the resolution. If so filed, the commission shall exclude the city from the jurisdictional boundaries of the district.

14506. (a) The district shall be governed by a nine-member board of directors constituted as follows:

(1) Two members of the board of directors shall be the members of the board of supervisors who represent the largest

1 *unincorporated territory within the county. A third member of the*
2 *board of supervisors shall be appointed by the board of supervisors*
3 *to serve in the absence or disqualification of a regular member.*

4 *(2) Two members of the board of directors shall be members of*
5 *the City Council of the City of San Diego and shall be appointed*
6 *by that city council. The City Council of the City of San Diego shall*
7 *also appoint a third council member to serve in the absence or*
8 *disqualification of a regular member.*

9 *(3) Three members of the board of directors shall be members*
10 *of city councils of cities within the jurisdictional boundaries of the*
11 *district other than the City of San Diego and shall be appointed by*
12 *the city selection committee. The city selection committee shall*
13 *also appoint a fourth city council member to serve in the absence*
14 *or disqualification of a regular member.*

15 *(4) Two members of the board of directors shall be members of*
16 *the general public residing within the county who do not serve in*
17 *either an elected or appointed capacity for a city or the county.*
18 *These members shall be appointed by a majority vote of the public*
19 *agency members of the board of directors, and one member shall*
20 *be designated to serve an initial term of two years and the other*
21 *member shall be designated to serve an initial term of four years.*
22 *After serving the initial terms, all terms of general public members*
23 *shall be four years. To the extent possible, these members shall*
24 *have expertise in the area of gas or electric utility service but shall*
25 *not, at the time of appointment be, or within three years prior to*
26 *appointment have been, officers, employees, shareholders of, or*
27 *consultants to, an electrical corporation or a company that sells*
28 *or produces gas or electricity. The public agency members of the*
29 *board of directors shall also appoint a third member meeting the*
30 *qualifications of this subdivision to serve in the absence or*
31 *disqualification of a regular member.*

32 *(b) If the City Council of the City of San Diego requests to be*
33 *excluded from the jurisdictional boundaries of the district, the*
34 *number of the board of directors shall be reduced to seven*
35 *members appointed pursuant to paragraphs (1), (3), and (4) of*
36 *subdivision (a).*

37 *(c) If a city or county member of the board of directors ceases*
38 *to hold the office that qualified him or her for membership on the*
39 *board of directors, his or her membership on the board of directors*
40 *shall be considered vacant.*

1 (d) *The appointed public agency members of the board of*
2 *directors shall serve at the pleasure of their respective appointing*
3 *bodies.*

4 14507. *Except when appointing the two public members, a*
5 *majority of the membership of the board of directors shall*
6 *constitute a quorum for the purposes of conducting business, and*
7 *approval of any action shall require an affirmative vote of a*
8 *majority of the members present at the meeting in which the action*
9 *is taken.*

10 14508. *Notwithstanding any other provisions of this division,*
11 *the district is not authorized to engage in the provision of water,*
12 *sewer, telecommunications, or solid waste services or any services*
13 *other than the provision of light, heat, and power,*

14 14509. *Notwithstanding any other provision of this division,*
15 *the board of directors may adopt bylaws, rules of procedure, and*
16 *employ staff, contract for staff services with one or more persons,*
17 *firms, corporations or public agencies, or both employ staff and*
18 *contract for staff services. The district may employ independent*
19 *contractors as determined necessary by the board of directors.*

20 14510. *The treasurer, the auditor, and the controller of the*
21 *county may, by contract with the board of directors, agree to serve*
22 *as treasurer and auditor and controller of the district. They may*
23 *charge a reasonable fee to recover the costs of providing those*
24 *services.*

25 14511. *The county or any city within the jurisdictional*
26 *boundaries of the district may advance funds to the district to be*
27 *repaid as may be agreed upon between the district and the city or*
28 *county.*

29 14512. *Except as provided in this chapter, the district is*
30 *governed by the provisions of this division and may exercise all*
31 *powers conferred by this division.*

32 14513. *The election provisions of Sections 56129 and 56130*
33 *of the Government Code shall not apply to the exercise of powers*
34 *by the district.*

35 14514. *Notwithstanding any provision of the*
36 *Cortese-Knox-Hertzberg Local Government Reorganization Act*
37 *of 2000 (Division 3 (commencing with Section 56000) of Title 5,*
38 *of the Government Code), the commission may adopt a sphere of*
39 *influence for the district and conduct review of district services*
40 *within 18 months of district formation.*

SEC. 2. *The Legislature hereby finds and declares that a special statute is necessary and that a general statute cannot be made applicable, within the meaning of Section 16 of Article IV of the California Constitution, because of unique circumstances applicable to the County of San Diego with regard to the electricity and gas crisis.*

~~Code is amended to read:~~

~~155.20. (a) Subject to the limitations listed in subdivisions (b), (c), (d), and (e), a county board of supervisors may exempt from property tax all real property with a base year value (as determined pursuant to Chapter 1 (commencing with Section 50) of Part 0.5), and personal property with a full value so low that, if not exempt, the total taxes, special assessments, and applicable subventions on the property would amount to less than the cost of assessing and collecting them.~~

~~(b) (1) The board of supervisors shall have no authority to exempt property with a total base year value or full value of more than ten thousand dollars (\$10,000), except that this limitation is increased to fifty thousand dollars (\$50,000) in the case of a possessory interest, for a temporary and transitory use, in a publicly owned fairground, fairground facility, convention facility, or cultural facility. For purposes of this paragraph, "publicly owned convention or cultural facility" means a publicly owned convention center, civic auditorium, theater, assembly hall, museum, or other civic building that is used primarily for staging any of the following:~~

~~(A) Conventions, trade and consumer shows, or civic and community events.~~

~~(B) Live theater, dance, or musical productions.~~

~~(C) Artistic, historic, technological, or educational exhibits.~~

~~(2) In determining the level of the exemption, the board of supervisors shall determine at what level of exemption the costs of assessing the property and collecting taxes, assessments, and subventions on the property exceeds the proceeds to be collected. The board of supervisors shall establish the exemption level uniformly for different classes of property. In making this determination, the board of supervisors may consider the total taxes, special assessments, and applicable subventions for the year of assessment only or for the year of assessment and succeeding~~

1 ~~years where cumulative revenues will not exceed the cost of~~
2 ~~assessments and collections.~~

3 ~~(3) On each lien date, the ten thousand dollars (\$10,000)~~
4 ~~limitation specified in paragraph (1) shall be adjusted by an~~
5 ~~inflation factor that is the percentage change, rounded to the~~
6 ~~nearest one-thousandth of 1 percent, from October of the prior~~
7 ~~fiscal year to October of the current fiscal year in the California~~
8 ~~Consumer Price Index for all items, as determined by the~~
9 ~~California Department of Industrial Relations. The department~~
10 ~~shall annually provide this inflation factor to each county assessor~~
11 ~~prior to the lien date.~~

12 ~~(c) This section does not apply to those real or personal~~
13 ~~properties enumerated in Section 52.~~

14 ~~(d) The exemption authorized by this section shall be adopted~~
15 ~~by the board of supervisors on or before the lien date for the fiscal~~
16 ~~year to which the exemption is to apply and may, at the option of~~
17 ~~the board of supervisors, continue in effect for succeeding fiscal~~
18 ~~years. Any revision or rescission of the exemption shall be adopted~~
19 ~~by the board of supervisors on or before the lien date for the fiscal~~
20 ~~year to which that revision or rescission is to apply.~~

21 ~~(e) Nothing in this section shall authorize either of the~~
22 ~~following:~~

23 ~~(1) A county board of supervisors to exempt new construction,~~
24 ~~unless the new total base year value of the property, including this~~
25 ~~new construction, is five thousand dollars (\$5,000) or less.~~

26 ~~(2) An assessor to exempt or not to enroll any property of any~~
27 ~~value, unless specifically authorized by a county board of~~
28 ~~supervisors, pursuant to this section.~~

29 ~~SEC. 2. Notwithstanding Section 2229 of the Revenue and~~
30 ~~Taxation Code, no appropriation is made by this act and the state~~
31 ~~shall not reimburse any local agency for any property tax revenues~~
32 ~~lost by it pursuant to this act.~~

33 ~~SEC. 3. This act provides for a tax levy within the meaning of~~
34 ~~Article IV of the Constitution and shall go into immediate effect.~~